



BEFORE THE FEDERAL ELECTION COMMISSION.

In the Matter of)))	2006 OCT 25 A 10 23		
Stephen Adams		MUR 5549 SENSITIVE		

GENERAL COUNSEL'S REPORT #2

1	I. ACTIONS RECOMMENDED
2	Find probable cause to believe that Stephen Adams violated 2 U S C §§ 434(g)(2)(A)
3	and 441d(a)(3)
4	IL BACKGROUND
5	Stephen Adams spent \$1 million on billboards expressly advocating the reelection of
6	President Bush and Vice President Cheney He did not file an independent expenditure report
7	with the Commission until nearly seven weeks after the due date. At first, the billboards also
8	lacked proper disclaimers
9	The Commission found season to believe that Stephen Adams violated 2 U S C
10	§ 434(g)(2)(A) by failing to file timely a report of his independent expenditures and 2 U S C
11	§ 441d(a)(3) by failing to initially include proper disclaimers on the billboards
12	
13	
14	
15	
16	
17	

23

MUR 5549

	General Counsel's Report #2
1	
2	
3	
4	
5	
6	
7	
8	
9	In his Response to the Probable Cause Brief ("Adams Brief"), Adams does not contest
10	that he violated the law Adams Brief at 1, 15
11	
12	
13	
14	
15	
16	III. DISCUSSION
17	A. There is Probable Cause to Believe Adams Violated the Act
18	In his responsive brief, Adams admits he "inadvertently committed technical" violations
19	of the provisions in issue Adams Brief at 1 Although his brief addresses advice of counsel, in
20	view of his admission of the violations, the absence of any knowing and willful findings, and his
21	current request that the Commission exercise its prosecutorial discretion, Adams Brief at 14, we
22	understand his arguments to go entirely to mitigation. We do not understand him to present a

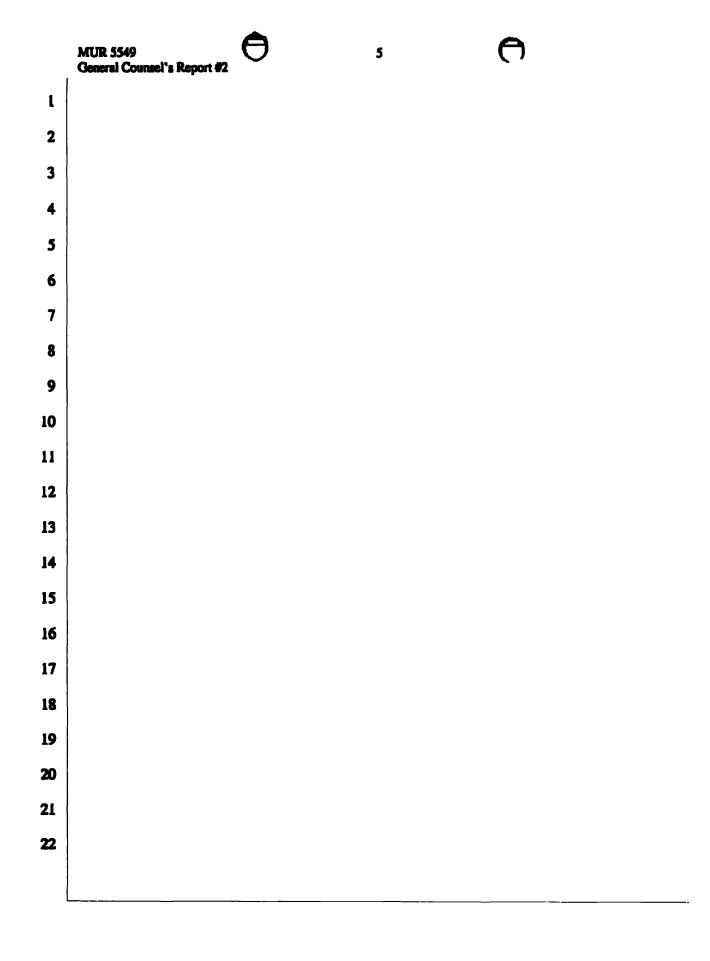
formal "reliance on advice of counsel" defense to liability, nor as we discuss below, would be be

2

	General Counsel's Report #2
1	able to do so since he himself was not a party to an attorney-client relationship and he has not
2	specifically shown that that all pertinent facts were fully disclosed on his behalf to an expert 1
3	Accordingly, we recommend that the Commission lind probable cause to believe that Stephen
4	Adams violated 2 U S C \$\\ 434(g)(2)(A) and 441d(a)(3)
5	
6	
7	
8	
9 10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	

MUR 5549 General Counsel's Report #2

(



MUR 5549 General Counsel's Report #2

	MUR 5549 General Counsel's Report #2	Θ	7	0
i				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

	MUR 5549 General Counsel's Report #2	, <u> </u>
1 2 3	3 Approve the appropriate letter	
4 5 6 7	10/24/06 Date	Lawrence H Norton General Counsel
8 9 10 11		James Calvil
12 13 14 15 16		Lawrence LiCalvert-Ji Deputy Associate General Counsel tor Enforcement
17 18 19 20	•	Susan L Lebeaux Assistant General Counsel
21 22 23 24		16th
25 26 27		J Cameron Thurber Attorney